

AR60

Winspear Business Reference Room
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2R6

Rhonda

Mining Corporation

ANNUAL
REPORT
1995

CORPORATE PROFILE

Rhonda Mining Corporation is an Alberta incorporated Canadian mineral exploration company based in Calgary. Rhonda's programs are focused exclusively on exploration for high value mineral deposits. The Company is in the fourth year of exploring copper deposits in the Epworth Proterozoic basin near Coppermine, Northwest Territories.

The Company holds a 40% interest in Altmark Energy Inc., a junior oil and gas exploration and production company, which is in the third year of exploring large diamondiferous kimberlite occurrences near Prince Albert, Saskatchewan.

The Company holds a 37% interest in Savanna Resources Ltd., which controls the Turner-Albright copper-gold-zinc-cobalt deposit in Oregon, in which the Company holds a 25% interest.

The Company's shares are traded on the Alberta Stock Exchange under the symbol RDM.

TABLE OF CONTENTS

Glossary	2
Chairman's Report to Shareholders	3
Epworth Copper Project, Northwest Territories	4
Turner-Albright Project, Oregon	8
Investment in Altmark Energy Inc.	9
Auditors' Report	10
Financial Statements	11
Notes to the Financial Statements	14
Schedule of Mineral Properties	20
Corporate Information	Inside back cover

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of shareholders of Rhonda Mining Corporation will be held on Tuesday, December 19, 1995, at 3:00 p.m. at the Aquitaine Auditorium, Second floor, 540 - 5th Avenue SW, Calgary, Alberta.

GLOSSARY

Ag	Silver
Au	Gold
Auriferous	Containing significant amounts of gold
BOEPD	Barrels of oil equivalent per day (gas converted to equivalent value of oil)
Bornite	Copper mineral (63% copper)
Chalcocite	Copper mineral (79% copper)
Chalcopyrite	Copper mineral (34% copper)
Clastic	Granular rock type such as siltstone, sandstone, and conglomerate
Co	Cobalt
Cobaltiferous	Containing significant amounts of cobalt
Cretaceous	The third and latest period of the Mesozoic era, 65 to 136 million years ago
Cu	Copper
Diagenetic	Early formed
Diatreme	A volcanic vent or pipe
Epigenetic	Late formed
Fault Breccia	Assemblage of broken fragments of rock found along faults
Fe	Iron
Felsenmeer	Locally derived frost heaved boulders
Galena	Lead mineral (86% lead)
Kimberlite	A rock formation commonly found to host diamonds
Metalliferous brine	Aqueous solution containing anomalous amounts of dissolved metals
Metallogenic province	Area characterized by an abundance of certain elements
Pb	Lead
Platform	Shallow marine shelf environment
Proterozoic	Of the early Precambrian era, 1.7 to 2.3 billion years ago
Sedex	Sedimentary hosted stratabound stratiform mineralization
Sill	An intrusive body of igneous rock running parallel with the intruded rock
Skarn	Rock derived from dolomite often with Cu, Fe, Au, Pb and Zn
Sphalerite	Zinc mineral (67% zinc)
Stockworks	A large number of interpenetrating veins
Stratabound	Confined to one layer
Stratiform	Composed of layers of sedimentary or volcanic rock
Tuff	Rock formed from compacted volcanic rock fragments
Vein	Generally a fissure in the earth containing a body of minerals
Zn	Zinc

CHAIRMAN'S REPORT TO THE SHAREHOLDERS

During the year ended June 30, 1995 your management arranged to broaden and strengthen the Company's asset base.

Altmark Energy Inc. (formerly Aaron Oil Corporation), in which Rhonda held a 23% interest, was placed under new management, cutting overhead substantially and yielding a 40% increase in oil and gas production. An agreement was entered into to sell the Saskatchewan diamond holdings of Rhonda to Altmark where they could be consolidated with similar interests already held by Altmark. Upon approval of this agreement by Altmark shareholders subsequent to the year end, Rhonda's interest in Altmark rose to 40.6%.

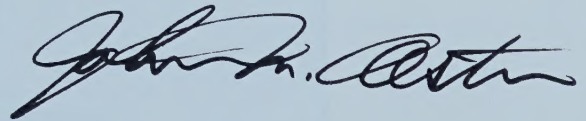
The earn-in point was reached in our Epworth joint venture with Noranda Mining and Exploration Inc. resulting in a 50% interest vesting in Rhonda. Encouraged by the widespread showings of stratabound copper mineralization found on the surface and in several diamond drill holes during the summer of 1995 and by industry interest in the project, Rhonda is renegotiating the agreement with its 50% partner, to allow Rhonda to become the operator of the project and at the same time increase the interest that it can earn.

Our 1994-1995 exploration expenditures were funded by private placements of shares and warrants and flow-through shares.

Subsequent to the year end, the Company arranged a further financing totaling \$555,000 by private placement of shares and warrants.

Also subsequent to the year end, Mr. Bernard Benning was appointed to the board of directors to fill a vacancy arising from the resignation of Mr. Marc Eller.

We anticipate significant progress from exploration on our Epworth project next year, which we plan to fund with a private placement of flow-through shares. We also look forward to continued growth in our investment in Altmark. Acquisitions of producing oil properties now being negotiated by Altmark are expected to increase production revenue by approximately 50% to 600 BOEPD by December 31, 1995. Altmark is also now well placed to benefit from any positive results from the on-going diamond mini-bulk sampling program being conducted on claims adjoining Altmark's 100% owned claims.



Calgary, Alberta
October 31, 1995

ON BEHALF OF THE BOARD
John M. Alston
Chairman

PROPERTY REVIEW

EPWORTH COPPER PROJECT, NORTHWEST TERRITORIES

Rhonda is exploring a major copper belt situated in the Nunavut Settlement Area in Canada's north. The area, which carries the potential for large copper reserves, will be explored by Rhonda as its core operation in 1996. With copper prices reaching all time highs in both US and Canadian dollars, management considers Epworth an exceptionally attractive project.



JOINT VENTURE

Figure 1

In early 1992, Rhonda joined Noranda Exploration Company, Limited (now Noranda Mining and Exploration Inc.) in an exploration joint venture exploring for copper south of Coppermine, NWT. Rhonda has earned an undivided 50% interest in Epworth and to date Rhonda has contributed approximately \$5.0 million to the joint venture. Rhonda and Noranda are renegotiating the joint venture agreement to allow Rhonda to become the operator of the next phase of the project.

GEOLOGICAL SETTING

In mineral exploration, evaluating the economic mineral potential of a particular area requires meticulous research into its geology. The initial Epworth studies focused on unraveling the chronology of the mineralization by comparing the geological setting with similar settings elsewhere in the world which have hosted large economic copper deposits. The joint venture then turned to determining where similar economic copper deposits might occur in the Epworth area. Early in the Noranda/Rhonda exploration effort it became apparent that the Epworth area has direct analogies with several of the world's largest copper mining regions, including the African Copperbelt, which contains huge stratiform copper deposits such as Nchanga, 315 million tons @ 4.2% copper, and Chibuluma, 20 million tons @ 4.8% copper and 0.18% cobalt. To date, the Rhonda/Noranda joint venture has successfully demonstrated the copper potential of the Epworth area with mineralization mirroring the African copperbelt.

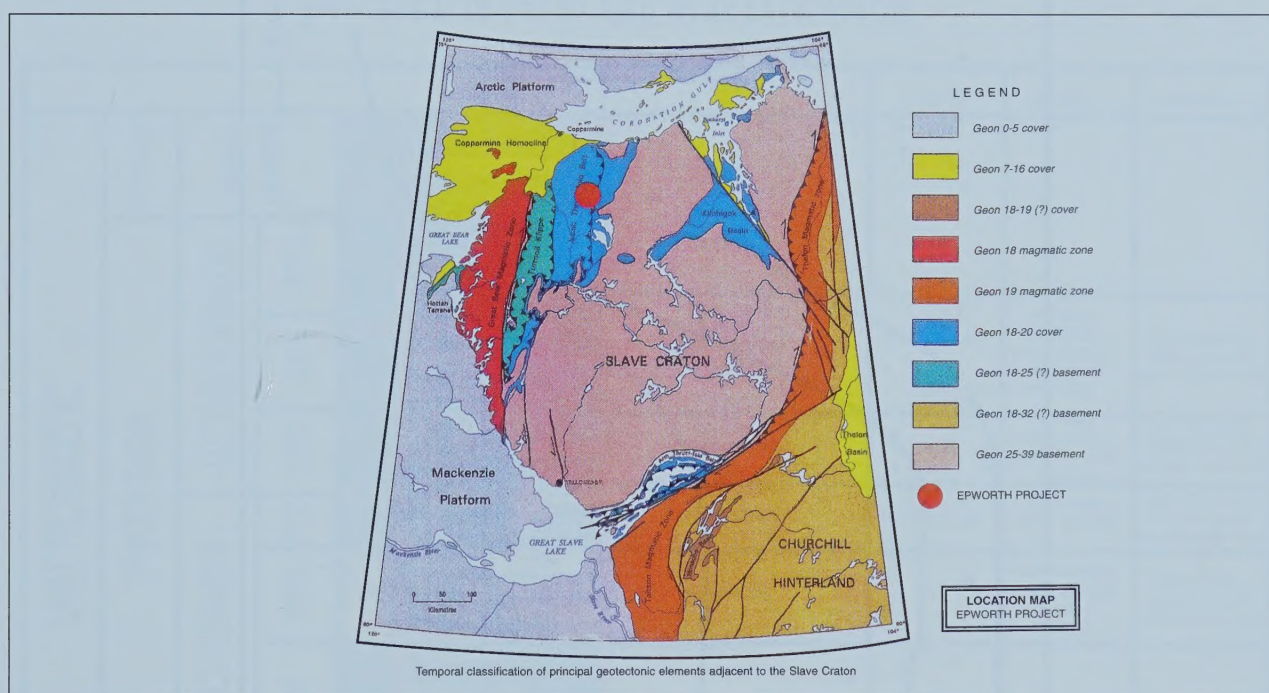


Figure 2

The Epworth property is underlain by a 1.8 billion year old Proterozoic basin of marine sedimentary rocks. Research by Rhonda/Noranda has shown that a widespread mineralizing process has occurred within the basin over an area of hundreds of square kilometers and over a time interval of about 100,000,000 years. Economic grades of stratiform quartzite, shale and carbonate hosted copper, copper-lead-zinc and copper-cobalt mineralization, and fault controlled copper-gold mineralization have been discovered in seven important mineral belts and trends. Combined with the large scale mineralizing system, this evidence clearly suggests that the potential for discovering large economic copper deposits is excellent. Horizons and structures favorable for hosting these deposits have already been identified along with extensive trains of copper mineralized boulders. By careful attention to glaciation which redistributed this material, and detailed geological work, target areas for the likely bedrock sources can be chosen for follow up ground geophysical surveys. By this methodical approach specific targets can be located for diamond drilling.

PROPERTY REVIEW

MINERAL BELTS AND TRENDS

Numerous polymetallic mineral showings have been discovered in the Epworth area. A condensed perspective of exploration in the Epworth area is shown in Figure 3. Starting in 1992 the joint venture focused on showings in the northeast. The progressive exploration programs consistently led the field teams further and further west, until, in 1994 and 1995, important stratabound, sediment-hosted copper zones were discovered. By the end of 1994, the focus of the program had moved 100 km southwest of the initial 1992 Woolgar showing. Other than this original showing that attracted Rhonda to the area, all mineral showings found to date on the Epworth property are virgin discoveries.

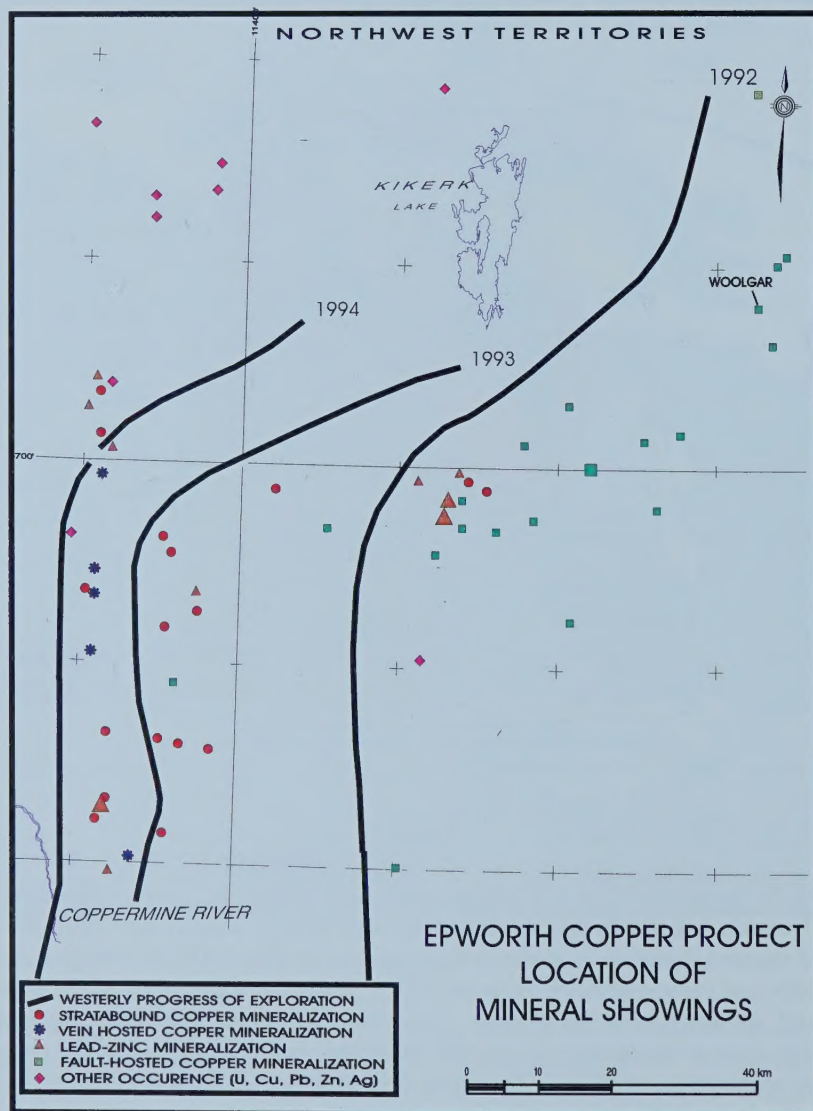


Figure 3

The joint venture's field programs have defined seven important mineral belts and trends. The eastern part of the area is dominated by structural trends with characteristic fault hosted copper and copper-gold zones of mineralization. The central region is characterized by abundant polymetallic vein and replacement mineralization in carbonate rocks, while to the west, sediment-hosted copper and copper-lead-zinc mineralization predominates. Further west a north-south mineral trend follows the shelf slope hinge line within the basin. To the north, uranium-copper veins and replacements occur while in the central area, a mixture of carbonate and sediment-hosted copper, copper-cobalt and copper-lead-zinc mineralization and high grade copper-silver veins have been discovered. In certain localities significant cobalt, gold and silver is present.

EPWORTH COPPER PROJECT STRATIGRAPHY AND MINERALIZATION

				DEPOSIT TYPE	ELEMENTS	MINERALS	ALTERATION	
EARLY PROTEROZOIC	RECLUSE GROUP	FONTANO FORMATION		BLACK SHALE				
	EPWORTH GROUP	ROCKNEST FORMATION	UPPER	SHALE	REPLACEMENT IN STRUCTURAL AND STRATIGRAPHIC ZONES	Pb, Zn, Ag, Cu Fe	GALENA, SPHALERITE, CHALCOPYRITE MAGNETITE HEMATITE	SILICIFICATION, OXIDATION AND REDUCTION FACIES
			MIDDLE	DOLOMITE				
			LOWER					
		ODJICK FORMATION	UPPER	SHALE	STRUCTURAL STRATABOUND VEIN	Cu, Co, Ag, Au	BORNITE CHALCOCITE CHALCOPYRITE HEMATITE	SILICIFICATION, OXIDATION AND REDUCTION FACIES
			MIDDLE	QUARTZITE	STRATABOUND	Cu, Co, Au, Ag	CHALCOPYRITE PYRITE, HEMATITE	SILICIFICATION, OXIDATION AND REDUCTION FACIES
			LOWER	SHALE SILTSTONE SHALE	STRATABOUND	Cu	CHALCOPYRITE PYRITE, GALENA SPHALERITE HEMATITE	SILICIFICATION, OXIDATION AND REDUCTION FACIES
		ARCHEAN BASEMENT GNEISS		CONGLOMERATE	FAULT HOSTED VEIN SYSTEMS AND REPLACEMENTS	Cu, Pb, Zn, Au, Ag, Mo, Bi	CHALCOPYRITE, SPHALERITE, GALENA HEMATITE	CHALCOPYRITE, SPHALERITE, GALENA / SILICIFICATION
				FAULT SYSTEM	DIABASE DYKE			

Figure 4

The above chart schematically illustrates the relationships between mineralization and rock units on the Epworth property. Vein and fault-hosted type mineralization is shown by the vertical and inclined red symbols, while stratiform, replacement and skarn mineralization is identified by horizontal red symbols.

PROPERTY REVIEW

The distribution of the principal sediment-hosted copper showings defines certain favorable horizons which are consistently and preferentially mineralized. These favorable horizons are in the middle to upper parts of the Odjick Formation, and the rocks are generally sandstone with minor shales and dolomites. These rocks represent various shore line and shelf facies. Faulting and folding has led to the development of fault hosted and replacement mineral zones. These relationships are schematically illustrated in Figure 4 titled Stratigraphy and Mineralization - Epworth Project Area.

During 1995 field work focused on the central westernmost trend. Twelve drill holes were completed on four targets. Seven of these holes pursued the source of copper mineralized sediment boulders found in one area with the five remaining holes testing three other targets. The likely source horizon of one train of high grade boulders was located. Drilling also confirmed the economic significance of a massive stromatolite horizon from which one drill sample returned assays of 1% copper, 0.315% cobalt, and 0.105% nickel over 1m in a 5m wide zone. A new target was identified from surface boulders consisting of a mineralized sedimentary horizon of shale and dolomite which yielded grab samples assaying up to 10% copper, 12 oz/t silver and 1.8% lead. This is the most encouraging geological and potentially economic target discovered to date.

Work in 1996 will focus on locating the bedrock sources of several additional mineralized trains and advancing exploration of several of the known copper zones to the intermediate stage.

TURNER-ALBRIGHT PROJECT, OREGON

The Company owns a 25% interest in the Turner-Albright copper, cobalt and gold deposit located in southwestern Oregon. The Turner-Albright deposit represents a significant mineral reserve, and preliminary work indicates that it will support a 400 ton/day mine-mill operation at present metal prices. It is one of the few properties in North America with drill indicated cobalt reserves. The potential for adding to the reserves is high as the ore zones and the steeply inclined controlling structures are open at depth. The most recent work, consisting of 6400 feet of diamond drilling, extended the main zone 400 feet downdip to the east and added 387,000 tons grading 0.175 oz/ton gold, 1.09% copper and 2.32% zinc for a total reserve of 2,700,000 tons at a recoverable (85%) and diluted (10%) reserve grade of 1.52% copper, 3.78% zinc, 0.114 oz/ ton gold, 0.53 oz/ton silver and 0.044% cobalt.

During 1996 the Company plans to update the mine engineering study to include the impact of new metallurgical processes on the economic valuation of the deposit.

INVESTMENT IN ALTMARK ENERGY INC.

During the 1994 fiscal year Rhonda purchased a 22% interest in Aaron Oil Corporation, later renamed Altmark Energy Inc. Altmark, in addition to its oil and gas exploration and production activity, at the time was a partner of Rhonda in the Fort à la Corne diamond joint venture and held additional diamond claims in the Northwest Territories.

By the end of 1994, it had become apparent that excessive administrative expenses and lax management of the oil and gas assets were holding back the development of Altmark. Rhonda therefore took the lead in effecting a change in management which slashed overhead and resulted in a 40% boost in production over the next nine months simply by attending to producing properties in need of work. The new management decided to take advantage of the downturn in the oil industry, which has depressed prices of producing properties, by embarking on a program of acquisitions utilizing Altmark's line of bank credit. With acquisitions already closed and another expected to closed effective November 1, 1995, Altmark's production level should reach 600 BOEPD by December 31, 1995, up 100% from one year ago.

While remedial work on Altmark's oil and gas properties was proceeding, management of both Rhonda and Altmark came to the conclusion that a useful rationalization would be effected by combining all of the diamond related assets of both companies in Altmark. After consulting with minority shareholders of Altmark it was decided that the diamond properties of Rhonda would be sold at a price based on a third party evaluation for shares of Altmark, with the transaction subject to approval by minority shareholders of Altmark. This was obtained in late August, 1995 and resulted in Rhonda's interest in Altmark rising to 40.5%.

In 1994 the diamond claims in Saskatchewan owned jointly by Altmark and Rhonda, had been optioned to a third party, which had the right to earn a 50% interest in the claims by performing \$3,000,000 of work. In late September, 1995 the third party was notified that it was in default under the terms of the option agreement. Subsequently, the option terminated resulting in all the option lands reverting to Altmark.

During the summer it was reported that the joint venture being operated by Uranerz on claims adjoining those of Altmark had completed eight large diameter tests providing mini-bulk samples of kimberlite and that preliminary results of micro diamond counts of small samples taken from the bulk samples had been encouraging. Results of the macro diamond analyses are expected shortly and a further winter program of mini-bulk sampling has been announced. Positive results from these activities will have a major impact on Altmark's holdings.

AUDITORS' REPORT TO THE SHAREHOLDERS

TO THE SHAREHOLDERS OF RHONDA MINING CORPORATION

We have audited the balance sheets of Rhonda Mining Corporation as at June 30, 1995 and 1994, and the statements of loss and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 1995 and 1994, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Calgary, Alberta
October 31, 1995



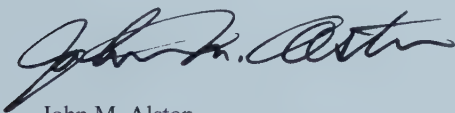
BDO Dunwoody
Chartered Accountants

RHONDA MINING CORPORATION
BALANCE SHEETS
AS AT JUNE 30

	1995	1994
ASSETS		
CURRENT		
Cash	\$ 175,523	\$ 51,194
Accounts receivable	363,991	705,486
Note receivable, note 3	250,000	250,000
Marketable securities		
market value (1994 - \$34,000)	--	33,988
	789,514	1,040,668
DUE FROM AFFILIATED COMPANIES, note 4	976,488	1,958,978
INVESTMENT IN SHARES, note 5	2,849,032	4,613,946
CAPITAL ASSETS, note 6	15,872	8,802
MINERAL PROPERTIES AND DEFERRED		
COSTS, note 7, schedule	7,312,702	6,427,851
	\$ 11,943,608	\$ 14,050,245
LIABILITIES		
CURRENT		
Accounts payable	\$ 146,718	\$ 1,558,024
Note payable, note 8	--	480,077
	146,718	2,038,101
SHAREHOLDERS' EQUITY		
SHARE CAPITAL, note 9	33,863,145	32,345,519
DEFICIT	(22,066,255)	(20,333,375)
	11,796,890	12,012,144
	\$ 11,943,608	\$ 14,050,245

SIGNIFICANT ACCOUNTING POLICIES, note 2
 INCOME TAXES, note 10
 RELATED PARTY TRANSACTIONS, note 11
 REMUNERATION OF DIRECTORS AND OFFICERS, note 12
 SUBSEQUENT EVENTS, note 13
 CONTINGENCY, note 14

APPROVED ON BEHALF OF THE BOARD:



John M. Alston
 Director



Peter K. Gummer
 Director

STATEMENTS OF LOSS AND DEFICIT FOR THE YEARS ENDED JUNE 30

	1995	1994
REVENUE		
Interest income	\$ 30,579	\$ 50,732
Staking fees	--	408,230
Gain on sale of shares	--	119,227
Foreign exchange gain	11,546	--
	42,125	578,189
EXPENSES		
Administrative	1,109,004	1,110,351
Writedown of investments	--	4,800,000
Loss on sale of investments	1,330	--
Share of losses in affiliated companies, accounted for on the equity basis	664,671	131,000
	1,775,005	6,041,351
NET LOSS FOR THE YEAR	(1,732,880)	(5,463,162)
DEFICIT, Beginning of year	(20,333,375)	(14,870,213)
DEFICIT, END OF YEAR	\$ (22,066,255)	\$ (20,333,375)
LOSS PER SHARE	\$ (0.33)	\$ (0.90)

STATEMENTS OF CHANGES IN FINANCIAL POSITION FOR THE YEARS ENDED JUNE 30

	1995	1994
CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES		
Net loss for the year	\$ (1,732,880)	\$ (5,463,162)
Items not involving cash:		
Amortization	5,135	1,067
Writedown of investments	--	4,800,000
Loss (Gain) on sale of shares	1,330	(119,227)
Share of losses in affiliated companies	664,671	131,000
	(1,061,744)	(650,322)
Changes in non-cash working capital balances	(1,069,811)	57,387
CASH USED BY OPERATING ACTIVITIES	(2,131,555)	(592,935)
FINANCING ACTIVITIES		
Notes payable	(480,077)	480,077
Common shares issued during year	5,928,850	10,786,155
CASH PROVIDED BY FINANCING ACTIVITIES	5,448,773	11,266,232
INVESTING ACTIVITIES		
Due from affiliated companies	982,490	(483,794)
Investment in shares	(3,310,981)	(9,243,004)
Proceeds on sale of shares	32,658	259,227
Proceeds on disposal of mineral properties	--	8,000
Proceeds on sale of interest in mineral properties	100,000	--
Purchase of mineral properties and expenditures on mineral properties	(984,851)	(2,860,064)
Purchase of capital assets	(12,205)	(5,328)
Notes receivable	--	350,000
CASH USED BY INVESTING ACTIVITIES	(3,192,889)	(11,974,963)
INCREASE (DECREASE) IN CASH	124,329	(1,301,666)
CASH, Beginning of Year	51,194	1,352,860
CASH, END OF YEAR	\$ 175,523	\$ 51,194

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30 1995 AND 1994

1. NATURE OF OPERATIONS

The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Company:

(a) Marketable Securities

Marketable securities are valued at the lower of cost and market.

(b) Investments

When the Company has significant influence over its investments, they are accounted for by the equity method. The investment is initially recorded at cost and the carrying value adjusted thereafter to reflect the changes in the Company's share in the equity of the investee. Where the Company does not have significant influence investments are recorded at cost. Income is recognized to the extent of dividends received. When there is a decline in value other than a temporary decline, the investment is written down to recognize the loss.

(c) Capital Assets

Capital assets are recorded at cost. Amortization is computed on a straight-line method, based on the estimated useful lives of individual assets ranging from 3 - 10 years.

(d) Mineral Properties and Deferred Costs

Costs of acquisition and development of mineral properties are capitalized on an area of interest basis. Amortization of these costs will be on a unit of production basis, based on estimated proven reserves of minerals of the areas should such reserves be found. If an area of interest is abandoned or management has indicated that further development appears unlikely, the costs thereto will be charged to income in the year.

(e) Foreign Currency

Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue, or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

(f) Flow-through Shares

When the Company issues flow-through shares, they record 100% of the mining exploration costs in their records. The shares issued are recorded at their purchase price. When the funds received are spent, the tax benefits arising from the transaction are transferred to the holders of the flow-through shares.

(g) Joint Venture

Substantially all of the Company's exploration of mineral properties are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30 1995 AND 1994

3. NOTE RECEIVABLE

	1995	1994
Note receivable, secured by 3,000,000 shares in Savanna Resources Ltd., due on demand, interest at prime plus 2%	\$ 250,000	\$ 250,000

4. DUE FROM AFFILIATED COMPANIES

The amounts due from Savanna Resources Ltd., and other affiliated companies are non-interest bearing, due on demand and unsecured.

Intercompany balances consist of the following:

	1995	1994
Savanna Resources Ltd.	\$ 857,637	\$ 1,846,160
Baretta Mining Inc.	112,819	112,818
Altmark Energy Inc.	6,032	--
	\$ 976,488	\$ 1,958,978

5. INVESTMENT IN SHARES

	1995	1994
(a) During the year, the Company purchased 20,170,000 shares at \$0.15 per share increasing to 36.7% their interest in Savanna Resources Ltd. The Company also has a non-transferable warrant to purchase an additional 10,000,000 common shares at \$0.50 per share on or before February 11, 1996. The investment has been accounted for by the equity method. The Company has reduced the carrying value of its investment in Savanna and share capital (note 9(b)) by \$4,411,224 to adjust for reciprocal shareholdings. At October 31, 1995 the shares were trading at \$0.09 per share.	\$ 1	\$ 2,000,000
(b) During the year, the Company purchased 947,500 shares at an average price of \$0.30 per share increasing to 28.3% their interest in Altmark Energy Inc. The investment has been accounted for by the equity method. At October 31, 1995 the shares were trading at \$0.35.	\$2,612,065	\$2,370,000
(c) The company has a 25% interest in Baretta Mining Inc. This investment is accounted for by the equity method.	236,966	241,946
	\$ 2,849,032	\$ 4,613,946

6. CAPITAL ASSETS

	1995	1994
	Cost	Cost
Computer equipment	\$ 22,874	\$ 10,669
	Accumulated Amortization	Accumulated Amortization
	\$ 7,002	\$ 1,867
Cost less accumulated amortization	\$ 15,872	\$ 8,802

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30 1995 AND 1994

7. MINERAL PROPERTIES AND DEFERRED COSTS

(a) Courageous Lake

The Company owns 100% of 4 blocks of mineral claims and mining leases in the Courageous Lake Area of the District of MacKenzie, Northwest Territories.

(b) Epworth

The Company has entered into a joint venture agreement, in which it has earned a 50% interest in claims staked within a defined area of interest, by contributing \$4,000,000 in exploration expenditures.

(c) Sturgeon Lake, Fort à la Corne, Carrot River

The Company is the registered owner of certain mineral claims in which it holds working interests varying from 20% to 80%. Subsequent to year end, the company has agreed to sell its interests in these properties to Altmark Energy Inc. (Note 13)

(d) Southeast Manitoba

The Company owns 50% to 70% of various mineral claims in the Southeast Manitoba area.

8. NOTE PAYABLE

The note payable was repaid during the year.

9. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares
Unlimited number of first preferred shares

(b) Issued

Common shares

	Number	Amount
Issued as at June 30, 1993	5,326,912	\$ 21,559,364
Flow through shares issued through private placement for cash	16,500	103,455
Issued through private placement for cash (net of issued costs of \$185,250)	1,592,000	8,200,950
Issued on exercise of warrants for intercompany debt	550,000	2,300,000
Employee stock options exercised for cash	123,500	119,250
Issued on exercise of warrants for cash	12,500	62,500
Issued as at June 30, 1994	7,621,412	\$ 32,345,519
Flow through shares issued through private placements for cash (net of issue costs of \$25,200)	546,500	1,357,300
Issued through private placements for cash (net of issued costs of \$45,100)	1,689,500	3,575,300
Issued for intercompany debt	487,500	975,000
Employee stock options exercised for cash	85,000	21,250
Issued as at June 30, 1995	10,429,912	\$ 38,274,369
Less shares held by an affiliated company	3,944,997	4,411,224
Adjusted share capital as at June 30, 1995	6,484,915	\$ 33,863,145

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30 1995 AND 1994

The Company and Savanna Resources Ltd. (note 5(a)) have reciprocal shareholdings, and account for their investments in each other on the equity basis. Share capital has been adjusted to reflect a reduction for the number of issued shares that Savanna Resources Ltd. holds in this Company. The carrying value of the Rhonda shares on Savanna Resources Ltd's books is \$8,216,183 prior to its required reduction for its reciprocal shareholdings with this Company, and \$1,187,265 after this adjustment. As the Company only carries its investment in Savanna Resources Ltd. at \$4,411,225 (prior to the reciprocal adjustment) the adjustment to share capital is limited to this amount. Any future losses of Savanna Resources Ltd. that are to be accounted for by the equity method will be disclosed now that the investment has been written down to a nominal carrying value.

- (c) The Company has an employee stock option plan reserving 865,000 common shares for issuance to employees, directors and key executives. Details of options outstanding as at June 30, 1995, are as follows:

102,500 common shares at \$1.80 per share expiring from July 1995 to February 2000;
752,500 common shares at \$2.50 per share expiring April, 2000; and
10,000 common shares at \$2.80 per share expiring June, 2000.

- (d) The company has the following common share purchase warrants outstanding at June 30, 1995:

722,000 common shares at \$1.80 per share expiring February to April, 1996;
600,000 common shares at \$2.00 per share expiring December, 1996;
225,000 common shares at \$2.20 per share expiring March, 1997;
150,000 common shares at \$4.10 per share expiring November, 1995
352,000 common shares at \$4.44 per share expiring August, 1996; and
57,200 common shares at \$9.00 per share expiring September, 1996.

- (e) The company has the following flow-through common share purchase warrants outstanding at June 30, 1995:

300,000 common shares at \$2.00 per share expiring December 1996.

10. INCOME TAXES

Under Canadian Income Tax Law, development and exploration expenditures are subject to certain restrictions in deductibility. The Company has total expenditures of approximately \$7,146,000 (1994 - \$ 6,694,000) available at June 30, 1995, to be carried forward to reduce future taxable income. Approximately \$ 3,715,000 (1994 - \$3,715,000) of these expenditures are successor costs which may be deductible from income attributable to certain resource properties.

The Company has non-capital losses of \$ 1,877,000 (1994 - \$992,000) which may be carried forward to reduce future taxable income. The right to claim these losses expires \$16,000 in 1996, \$46,000 in 1998, \$80,000 in 1999, \$105,000 in 2000, \$480,000 in 2001 and \$1,150,000 in 2002.

11. RELATED PARTY TRANSACTIONS

During the year ended June 30, 1995, the Company had the following transactions with related parties:

- (a) paid \$643,788 to Savanna Resources Ltd. in respect of overhead charges;
- (b) issued 487,500 common shares in exchange for intercompany debt of \$975,000 to Savanna Resources Ltd.;
- (c) purchased 20,170,000 common shares of Savanna Resources Ltd. at \$0.15 per share;
- (d) paid management fees of \$240,000 to Savanna Resources Ltd. for services provided during the year.
- (e) purchased 750,000 common shares of Altmark Energy Inc. in exchange for intercompany debt of \$225,000; and
- (f) issued to certain directors of the corporation:
 - (i) 70,000 shares through employee stock options at \$0.25 per share
 - (ii) 40,000 flow-through shares through an offering memorandum at \$2.50 per share

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30 1995 AND 1994

- (iii) 50,000 flow-through shares through a private placement agreement at \$2.00 per share . In addition the directors received warrants to purchase an additional 50,000 flow-through shares at \$2.00 per share on or before December 2, 1996.

During the year ended June 30, 1994, the Company had the following transactions with Savanna Resources Ltd., an affiliated company:

- (a) paid \$741,386 in respect of overhead charges;
- (b) issued 500,000 common shares for proceeds of \$1,800,000. An additional 500,000 warrants were also issued at an exercise price of \$5.00. These warrants, along with 50,000 additional warrants granted in a prior year, were exercised during the year in exchange for intercompany debt;
- (c) purchased 10,000,000 common shares at \$0.40 per share. In addition the Company received a warrant to purchase an additional 10,000,000 common shares at \$0.50 per share on or before February 11, 1996 (Note 5(a)); and
- (d) paid management fees of \$240,000 for services provided during the year.

12. REMUNERATION OF DIRECTORS AND OFFICERS

No remuneration was paid directly by the Company to the Directors and Officers during the period ended June 30, 1995. During the period, \$316,500 (1994 - \$235,500) was paid by the Corporation to Savanna Resources Ltd., which provides remuneration to the Officers of the Corporation, as reimbursement of administration and overhead expenses. During the year ended June 30, 1995, exercise of options by Directors resulted in the following deemed remuneration:

John M. Alston	Director and Officer	\$ 33,750
Peter K. Gummer	Director and Officer	\$ 112,500
Thomas W. Whittingham	Director	\$ 11,250

As at June 30, 1995 the Officers and Directors held the following stock options:

	Number of Shares	Exercise Price
John M. Alston	360,000	\$2.50
Glen R. Alston	40,000	\$1.80
Peter K. Gummer	250,000	\$2.50
Thomas Whittingham	60,000	\$2.50
Richard D. Carmichael	40,000	\$2.50

The stock options were issued during the year and vest 25% annually over four years.

13. SUBSEQUENT EVENTS

Subsequent to June 30, 1995, the Company:

- (a) sold its interest in certain claims in the Fort à la Corne area in exchange for 2,762,500 common shares of Altmark Energy Inc. Altmark holds an option to acquire the company's remaining claims in the Fort à la Corne area for a further 1,875,000 common shares.
- (b) issued 15,000 common shares through exercise of warrants for proceeds of \$46,395;
- (c) issued 15,000 common shares through exercise of employee stock options for proceeds of \$27,000; and
- (d) issued 555,000 common shares and warrants for 277,5000 common shares exercisable on or before October 31, 1997 for proceeds of \$555,000.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30 1995 AND 1994

14. CONTINGENCY

During the year, the Company was served with a statement of claim disputing the Company's title to certain claims in the Fort à la Corne area and seeking damages. The Company considers the claim to be without merit and has filed a counterclaim for damage to its business and reputation.

SCHEDULE OF MINERAL PROPERTIES FOR THE YEAR ENDED JUNE 30 1995

	Opening	Expenditures (Disposals)	Closing
NORTHWEST TERRITORIES			
Courageous Lake			
Acquisition	\$ 904,790	\$ 42,742	\$ 947,532
Exploration	187,813	(41,508)	146,307
Epworth			
Acquisition	595,318	812,214	1,407,532
Exploration	2,562,579	129,310	2,691,889
	4,250,500	942,760	5,193,260
SASKATCHEWAN			
Sturgeon Lake, Fort à la Corne, Carrot River			
Acquisition	488,866	265,617	754,483
Exploration	1,520,335	(162,363)	1,357,972
	2,009,201	103,254	2,112,455
MANITOBA			
Southeast Manitoba			
Acquisition	109,165	(105,093)	4,072
Exploration	31,256	(28,452)	2,806
	140,421	(133,453)	6,878
MISCELLANEOUS	27,729	(27,620)	109
TOTAL	\$ 6,427,851	\$ 884,851	\$ 7,312,702

Total expenditures , dispositions and write downs to mineral properties for the year ended June 30, 1994, were as follows:

Total expenditures	\$ 2,860,064
Total dispositions	\$ 8,000

BOARD of DIRECTORS

John M. Alston*

Chairman and Chief Executive Officer

Peter K. Gummer

President and Chief Operating Officer

Glen R. Alston

Corporate Secretary

Bernard Benning*

Consultant, Alberta Tourism Partnership

Thomas W. Whittingham*

Business and Energy Consultant

* Audit Committee

OFFICERS

John M. Alston

Chairman and Chief Executive Officer

Peter K. Gummer

President and Chief Operating Officer

Richard D. Carmichael, C.A.

Treasurer and Chief Financial Officer

Glen R. Alston

Corporate Secretary

TRANSFER AGENT

Montreal Trust

#600, 530 8th Avenue SW

Calgary, Alberta, T2P 3S8

AUDITORS

BDO Dunwoody

#1500, 800 6th Avenue SW

Calgary, Alberta, T2P 3G3

BANKERS

Royal Bank of Canada

355 8th Avenue SW

Calgary, Alberta, T2P 2N5

STOCK EXCHANGE

Listed: Alberta Stock Exchange
Calgary, Alberta

Trading Symbol: **RDM**

INVESTOR CONTACT

Glen R. Alston

Corporate Secretary

Telephone: 1-800-793-8370
(403) 269-5369

Fax: (403) 261-2866

Rhonda
Mining Corporation

Head Office

Suite 810, 540 5th Avenue SW, Calgary, Alberta T2P 0M2
Telephone: 1-800-793-8370, (403) 269-5369; Fax: (403) 261-2866

PRINTED IN CANADA